

# Department of Water and Power



the City of Los Angeles

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January 29, 2010

Mr. Darrick Moe  
Desert Southwest Regional Manager  
Western Area Power Administration  
P.O. Box 6457  
Phoenix, Arizona 85005-6457

Dear Mr. Moe:

E mail [post2017BCP@wapa.gov](mailto:post2017BCP@wapa.gov)

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Subject: Boulder Canyon Project – Post 2017 Application of the Energy Planning and Management Program Power Marketing Initiative [74FR 60256-7]

The Los Angeles Department of Water and Power (LADWP) respectfully submits these written comments in the above-referenced proceeding.

The LADWP is one of the existing Hoover power purchasers. LADWP has been participating in the efforts over the past two years to develop legislation to address post-2017 Hoover power allocation issues. We believe that Congress should allocate post-2017 Hoover power as it has done each time allocation has been necessary since the construction of Hoover Dam. LADWP supports the legislation that has been introduced in the U.S. Congress to accomplish this goal ("Hoover Power Allocation Act of 2009", H.R. 4349/S. 2891).

We request that Western Area Power Administration (Western) hold this proceeding in abeyance through the current session of Congress in order to avoid unnecessary and redundant expenditure of resources. This will also ensure that Western has the legal authority it may lack under the current law to allocate Hoover power to new allottees including Native American tribes and rural cooperatives.

Notwithstanding this request we are providing these initial comments to share with Western our concerns regarding Western's proposals in the following areas: (1) the proposed marketable resources, (2) the amount retained by current contractors, (3) the term of the contract, (4) the application of the Power Marketing Initiative (PMI), (5) the lack of requirements to share the cost of Multi Species Conservation Program (MSCP)

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and (6) the lack of application of the Boulder Canyon Implementation Agreement to new allottees.

Below are our specific concerns:

- 1) Western proposes to market 2,044 MW of contingent capacity with an associated 4,116,000 MWh of annual firm energy.

We recommend that Western amend its proposal to market Hoover's maximum dependable operating capacity of 2,074 MW to the contractors who are paying for the continued operations and maintenance of the dam.

Also, we recommend that Western market Hoover's current energy amount of 4,527,001 MWh. Specifically, we cannot agree with the proposal to extend 95 percent of "the proposed marketable firm energy", because it appears Western's proposed allocation methodology will reduce the current contractors' contract energy percentages.

- 2) Western's proposal does not appear to use the terminology of current federal statute mandating allocation of power to certain identified entities in Schedules A (pre Upgrading), B (post-upgrading) and C (excess energy).

We recommend that Western include in its proposed language references to Schedules A, B, and C, and to the Hoover contractors included in these schedules in statute.

- 3) Western proposes to extend current contractors' contracts for 30 years commencing on October 1, 2017.

The LADWP supports and requests approval of new contracts with a 50-year term commencing on October 1, 2017. We believe that the 50-year term is justified by the current contractors' past, present, and future funding of Hoover Dam and the funding of the MSCP by Hoover contractors.

- 4) Western adopted the PMI in 1995. Western now proposes to apply the PMI to the post-2017 Hoover contracts.

It is unclear whether Western has the authority to apply the PMI to the post-2017 Hoover contracts. For this reason we request that Western hold this proceeding in abeyance pending congressional action.

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- 5) Western has not proposed any requirement that current or new allottees agree to pay a proportionate share of MSCP costs.

We request that any entity given the opportunity to contract for Hoover power in the future be required to join the current contractors in paying for the MSCP, by including in its contract a commitment to pay a proportionate share of MSCP costs, as allocated in accordance with each state's requirements.

- 6) The Federal Register Notice 60257 dated November 20, 2009 states that: "new contractors, or contractors who receive an increased allocation will be required to reimburse existing Boulder Canyon Project (BCP) contractors for replacement capital advances to the extent existing contractors' allocations are reduced as a result of creating the resource pool."

The LADWP agrees that new contractors should be required to reimburse existing BCP contractors for replacement capital advances and further request that any entity given the opportunity to contract for Hoover power in the future be required to participate in the BCP Implementation Agreement by including in its contract a commitment to sign the BCP Implementation Agreement.

The LADWP appreciates this opportunity to provide written comments on Western's post-2017 remarketing initiative, and reserves the right to submit further comments and otherwise participate in this proceeding.

Respectfully Submitted,

A handwritten signature in blue ink, appearing to read "Son T. Hoang", is written over the typed name.

Son T. Hoang  
Manager of Contracts

STH:sj